

# Simplifying Colorado's Sales & Use Tax Filings

CATEGORY

**Digital Services: Government to Business**

START DATE

**July 1, 2019**

END DATE

**June 30, 2020**



**COLORADO**  
Governor's Office of  
Information Technology

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## Executive Summary

Colorado has a unique tax landscape with 272 municipalities, including 97 home rule jurisdictions that can establish their own tax base, requiring businesses to file and remit tax directly to the municipality. That means businesses have to keep track of almost 500 different tax rates and remit separately to every self-collecting jurisdiction. It is a nightmare for businesses and could potentially cost Colorado municipalities millions in lost sales tax revenues due to the Supreme Court ruling that enabled out-of-state retailers to not collect/remit sales taxes in states where their tax systems were too burdensome to navigate.

To address this, a Sales and Use Tax Simplification Task Force was created and made recommendations to the Colorado General Assembly, which passed SB19-006 in 2019 to initiate a formal project to create a single online portal for sales and use taxes. This system would streamline processes for businesses by implementing a single point of filing and remittance for all sales and use taxes in Colorado; and with this, the Sales and Use Tax System or SUTS was born.

### **The SUTS project was exceptionally successful in every way:**

- (a) The SUTS development was completed and available for use on May 6, 2020, seven weeks ahead of schedule for what was already an aggressive schedule.
- (b) The SUTS budget was \$18,750,000 over fiscal years 2020 and 2021, but SUTS was completed at almost \$6 million under budget for FY20 and \$4.6 million under budget for FY21. About \$10.6 million in savings was given back to the General Fund (56.30% of the appropriation) at a critical time given the overall budget shortfalls due to COVID-19.
- (c) The SUTS functionality exceeded the minimal viable product established at the start, allowing lookups of sales and use tax but also credits and exemptions with a robust remittance service.
- (d) The SUTS acceptance rate also exceeded expectations. The original requirement was for three of the 71 self-collecting-tax municipalities to voluntarily use the system upon launching online and to reach 100% engagement within three years. As of April 4, 2021, 50 (71%) of the home rules have signed the agreement and are either on or are onboarding to the system.



### Idea

Colorado is a home rule state, which means that county, city and town governments as well as municipalities and special districts can set sales and use taxes independently from the state. This also means they can make their own decisions about what is and is not taxable. Out-of-state sellers as well as those who work for direct sales companies (e.g., companies selling homewares, skincare products, etc.) were often challenged when determining what taxes must be collected and the amount. In fact, in 2018, the Council on State Taxation (COST) gave Colorado's sales tax system a "F" for being overly complicated and burdensome.

Over the past three years, the Colorado Department of Revenue worked with members of the General Assembly, local governments, the Governor's Office of Information Technology and the business community to understand from multiple stakeholders their view of Colorado's sales and use tax landscape. The result was a clear understanding of the complexities and complications which exist for a majority of the stakeholders, but especially for the businesses responsible for collecting and remitting taxes in a state with 272 municipalities, including 97 home rule jurisdictions that can establish their own tax base.

In response to this work, the Sales and Use Tax Simplification Task Force was created to find ways to make it simpler for businesses to navigate the Colorado sales tax landscape and to respond to the U.S. Supreme Court ruling in 2018 commonly referred to as the "Wayfair decision." This landmark case required out-of-state retailers to collect and remit sales tax in states where they do not have a physical presence so long as the sales tax system in the state is not too burdensome for the out-of-state retailer. With the introduction of so many online retailers doing business in Colorado but not having a physical presence in the state, Colorado would potentially lose out on millions in sales tax revenues if it didn't find a way to address its overly burdensome current system.

To solve this problem, the General Assembly, with recommendations from the task force in 2019, passed [SB19-006](#) and initiated a formal project to create an online portal for state-collected and home rule city-collected sales and use taxes to streamline processes for businesses. A single point of filing and remittance for all sales taxes in Colorado. The Sales and Use Tax System - or SUTS - was born.

**The SUTS System has two primary components: 1) Filing and Payment Portal, and 2) Geographic Information System (GIS) Software.**



- Filing and Payment Portal.** This one-stop online portal for sales tax account registration and tax return filing and payment allows a business to visit one site to file and pay their sales taxes for state and state-collecting jurisdictions, while also filing and paying sales tax for participating home rule jurisdictions at the same time.

**Business Center** | Welcome, Emma Gustafson | Log Out

**COLORADO**  
Department of Revenue

**OPEN TASKS** past due tasks.

City Test

**Registration**

- Submit Registration Form (new)

**Sales Tax Upload & Tax Filing**

- Upload Excel Data Upload for Sales Tax (new)

**QUICK LINKS**

FAQ and Guides Information HERE

Single Filers / Excel Uploading Information HERE

Bulk Filers / XML Uploading Information HERE

Add or remove a business to your account here.

File Taxes Here via Excel Upload

Create Custom Tax Filing Template

Deduction codes are different for local and state jurisdictions, see here for the local deduction codes.

**Activity**

Search: Jurisdiction ID [ ] Search Clear

Business	Task ID	Task Name	Submission Status	Date Submitted	Transaction Amount	ACR Date	Due Date	Form	Receipt	PDF-ALL
City Test	64524	Sales and use Tax Calculation Form	Complete	2021-03-24	\$0.03	03/30/21	03/26/21		W	W
City Test	64520	Sales and use Tax Calculation Form	Complete	2021-03-24	\$0.01	03/30/21	03/25/21		W	W
City Test	62186	Sales and use Tax Calculation Form	Complete	2021-03-19	\$0.01	03/23/21	03/25/21		W	W
City Test	50104	Custom Excel Upload Template	Complete				02/22/20			

**Business Center**

Please choose one of the following: \*

**Individual Business registering for the first time.**

Please do NOT choose this option if you have already set up this business to remit through the Portal. Use the [blue option below](#) ("Add or Remove a Registered Business.") instead.

**Business Name**

**Business Type** **Your Role**

Please choose Please choose

**Business Location**

If you have **AT LEAST ONE** physical location in the State of Colorado, please select "Inside CO." If have **NO physical location** in the state, please select "Outside CO."

Please choose

**Bulk Filer (i.e. Tax Firm)**

This option is for businesses that will be filing on behalf of multiple other businesses and would like to do this via an XML upload.

**Add or Remove a Registered Business.**

Use this option to remove or add a business to your user.

[Continue](#)





- Geographic Information System (GIS) Software.** One of the primary elements to simplification revolves around businesses being able to easily identify the correct taxing jurisdictions related to the sale of a taxable good or service with the aid of a GIS technology solution.

The GIS allows businesses to look up the specific sales tax rate for an individual address. The GIS not only shows state sales tax information, but also includes sales tax information for counties, municipalities (both state-collecting and self-collecting), and special taxation districts. This system allows businesses to accurately calculate and collect sales tax for their customers in real-time, promoting voluntary compliance by vastly simplifying the process. Additionally, depending on the business’s point of sale (POS) system, the tax rate can automatically be calculated via a connection to the GIS through an API.

**Colorado Sales Tax Lookup**

Denver

Denver, CO  
39.7392360, -104.9902510  
Jurisdiction Code: 01-0006

**General Merchandise (Tangible...)** →  
See details or change product/service

**Tax Rate** **8.81%**

Current   
 Overview   
 Question   
 Export

**Tax Rate Details**

Colorado	Sales Tax	2.90%
Denver, City and County	Sales Tax	4.81%
Scientific and Cultural Facilities District (CD)	Sales Tax	0.10%
Regional Transportation District (RTD)	Sales Tax	1.00%

# Implementation

The SUTS team used an agile and iterative approach to planning and development. Instead of creating a comprehensive blueprint at the outset of the project, planning happened continuously, through a process of ongoing stakeholder engagement and adaptation.

The software’s final design emerged through a collaborative effort between developers and business users, requiring a shift in the traditional procurement approach which used to rely heavily on functional specifications written up front.

MuniRevs was contracted to develop and support the filing and payment portal (<https://colorado.munirevs.com>), and TTR was contracted to develop the GIS and taxability matrix (<https://colorado.ttr.services>).

MUNIREVS PORTAL		
Sales and use Tax Calculation Form		
000004		
City Test		
Summary View   All Jurisdictions		Period: 03/02/2021 Due: 03/26/2021 Date Submitted: 03/24/2021 Late: NO
		<b>Total</b>
1	Gross Sales	100.00
2A	Add: Bad Debts Collected	0.00
2B	Total Income (Line 1+2A)	100.00
<b>TOTAL DEDUCTIONS</b>		
4	Net Taxable Sales & Service	
4A	Other Taxable Sales (Denver 5E)	0.00
5	Amount of Sales Tax *	0.03
6	Add Excess Tax Collected	0.00
7	Adjusted Tax *	0.03
8	Timely Vendor Fee Discount *	0.00
9	TOTAL SALES TAX *	0.03
10A	Amount Subject to Use Tax (See Also Schedule B on Next Page)	0.00
10B	Use Tax *	0.00

# Impact

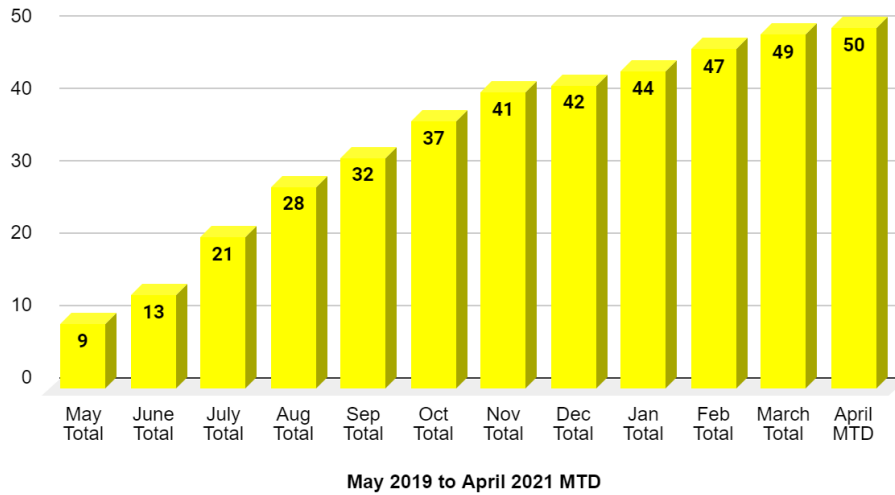
As previously noted, the SUTS project was exceptionally successful in every way.

- **Deployed ahead of schedule.** Development was completed on May 6, 2020, seven weeks ahead of schedule for what was already an aggressive schedule.
- **Deployed under budget.** Though \$18,750,000 was budgeted for fiscal years 2020 and 2021, SUTS was completed at almost \$6 million under budget for FY20 and \$4.6 million under budget for FY21. About \$10.6 million in savings was given back to the General Fund (56.30% of the appropriation) at a critical time given the overall budget shortfalls due to COVID-19.
- **Deployed with additional functionality.** The SUTS functionality exceeded the minimal viable product established at the start, allowing lookups of sales and use tax as well as credits and exemptions with a robust remittance service.
- **Exceeded Home Rules Acceptance Requirements.** The SUTS acceptance rate also exceeded expectations. The original requirement was for three of the 71



self-collecting-tax municipalities to voluntarily use the system upon launching online and to reach 100% engagement within three years. As of April 4, 2021, 50 (71%) of the home rules have signed the agreement and are either on or are onboarding to the system.

### Home Rules on SUTS



### Businesses:

- New Business Registration continues to grow - as of April 4, 2021, more than 7,000 businesses have registered in SUTS.

### Business Registered on SUTS

